

# SENATE BILL REPORT

## SB 5867

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As Reported By Senate Committee On:  
Natural Resources, Energy & Water, February 27, 2003

**Title:** An act relating to environmental remediation.

**Brief Description:** Modifying the taxation of environmental remediation services.

**Sponsors:** Senators Swecker, Oke, Doumit, Horn, Prentice, Eide, Schmidt, Regala, B. Sheldon and Jacobsen.

**Brief History:**

**Committee Activity:** Natural Resources, Energy & Water: 2/27/03 [DPS-WM].

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### SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

**Majority Report:** That Substitute Senate Bill No. 5867 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Morton, Chair; Doumit, Honeyford, Oke and Regala.

**Staff:** Sam Thompson (786-7413)

**Background:** Legislation enacted in 1998 established special provisions for taxation of hazardous waste cleanup projects. The retail sales tax does not apply to sale of labor or services for "environmental remedial action"--i.e., identifying, investigating, or cleaning up hazardous substances. Environmental remedial actions must be consistent with the state Model Toxics Control Act or federal law.

The 1998 legislation set a special business and occupation tax rate of 0.471 percent of gross income for businesses performing environmental remedial actions.

The retail sales tax exemption and special business and occupation tax rate expires July 1, 2003.

**Summary of Substitute Bill:** The July 1, 2003, expiration date for the retail sales tax exemption and special business and occupation tax rate of 0.471 percent for businesses performing environmental remedial actions is removed.

**Substitute Bill Compared to Original Bill:** A technical drafting error is corrected.

**Appropriation:** None.

**Fiscal Note:** Requested on February 25, 2003.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2003.

**Testimony For:** This legislation stimulates voluntary cleanup of hazardous waste sites. This has a public health benefit and also leads to redevelopment of reclaimed land, bringing in new tax revenue.

**Testimony Against:** None presented; however, it was noted that Governor Locke's proposed budget anticipates revenue based upon termination of the current tax exemption and low business and occupation tax rate.

**Testified:** Jerry Smedes, Northwest Environmental Business Council (pro); Eric Johnson, Washington Public Ports Association (pro); Jim Pendowski, Department of Ecology (neutral).